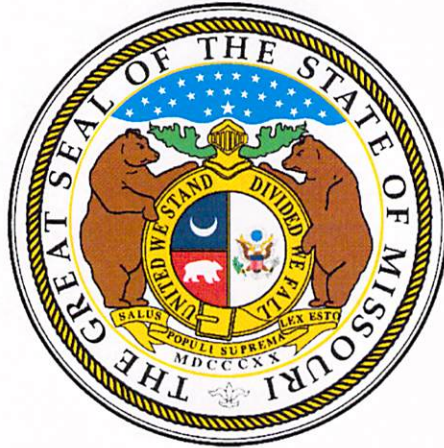




Report of the
House of Representatives
Special Interim Committee on Property Tax Reform

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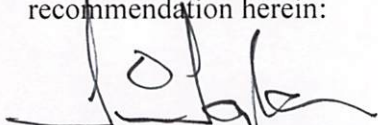
CHIEF CLERK

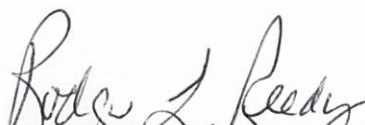
December 17, 2025

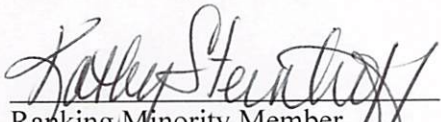
John Patterson, Speaker
Missouri House of Representatives
State Capitol Building
Room 308
Jefferson City, MO 65101

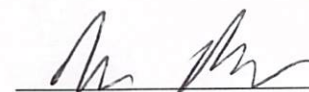
Dear Mister Speaker:

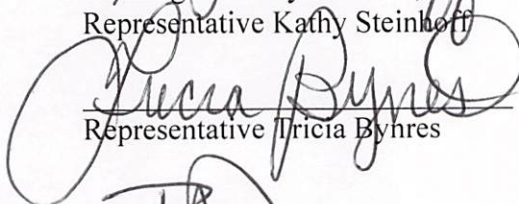
Your Special Interim Committee on Property Tax Reform has met, taken testimony, deliberated and concluded its review of property taxes in Missouri. The listed committee members are pleased to submit the attached report. Signatures on this form indicate affirmation of the committee's work and concurrence that the findings accurately reflect the information reviewed and discussed. The signatures do not necessarily constitute endorsement of each individual recommendation herein:

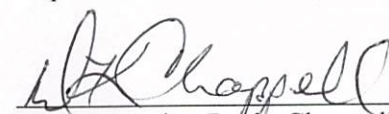

Chair, Tim Taylor

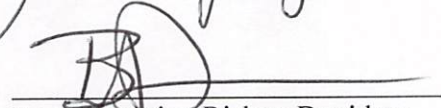

Vice-Chair, Representative Rodger Reedy


Ranking Minority Member,
Representative Kathy Steinhoff

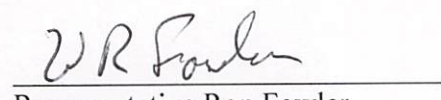

Representative Mark Boyko

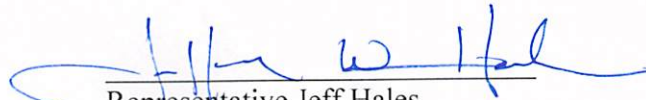

Representative Tricia Bynres


Representative Darin Chappell

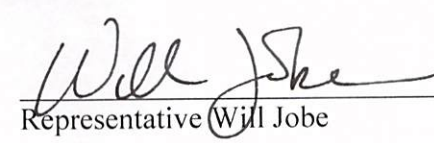

Representative Bishop Davidson

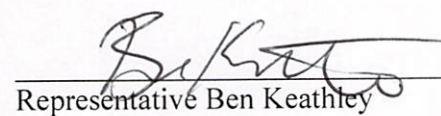

Representative David Dolan

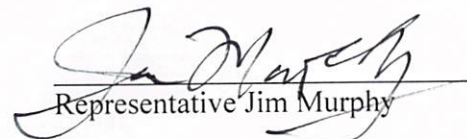

Representative Ron Fowler

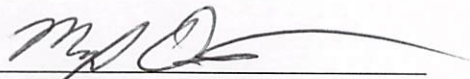

Representative Jeff Hales

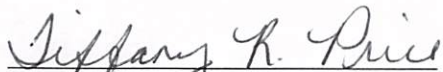

Representative Tony Harbison


Representative Will Jobe


Representative Ben Keathley

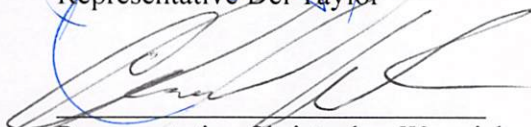

Representative Jim Murphy


Representative Matthew Overcast

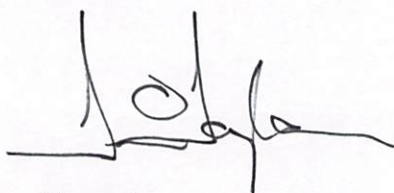

Representative Tiffany Price


Representative Del Taylor


Representative Dean Van Schoiack


Representative Christopher Warwick


Representative Cecelie Williams



Sincerely,
Representative Tim Taylor
Committee Chair

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Introduction

The Interim Committee on Property Tax Reform was tasked by Speaker Patterson to examine Missouri's property tax system in a broad and comprehensive manner. His instructions were clear: everything should be considered, and nothing would be off the table for discussion.

To ensure committee members heard from a wide variety of citizens around the state—in both urban and rural areas—six meetings were held to receive public testimony. Four of these meetings were scheduled outside of Jefferson City, and two were held in Jefferson City in the capitol building. The public meetings occurred in the following locations and on the following dates:

Jefferson City – 16 July
Lebanon – 30 July
Kansas City – 13 August
Clayton – 20 August
Macon – 27 August
Jefferson City – 3 September

In addition to the six meetings that were open to the public, the committee met two additional times to review the immense amount of information we had received. No public testimony was received, except that which the chairman requested for clarification purposes. These meetings were held as follows:

Jefferson City – 23 September
Jefferson City – 20 October

Each meeting was well attended by citizens, and the members of the public represented the broad spectrum of those who pay property taxes, those who administer the process of assessment and collection, and those who receive the revenue generated from property taxation. In addition to the members of the public, members of the Missouri State Tax Commission and their staff attended each meeting as well. At each of the public hearings, representatives asked about the ombudsman position, which is a statutorily required position within the State Tax Commission. Each time the State Tax Commission provided testimony stating they did not have the ombudsman position despite that statutory requirement. After the second public hearing in Lebanon, the State Tax Commission was asked to provide testimony and respond to issues raised by members of the public once all members of the public provided their testimony. Prior to receiving testimony from the public, the chairman reminded attendees that the committee was tasked with finding solutions, and anyone with thoughts and ideas on how to improve the system were encouraged to share that information with committee members.

Synopsis of public testimony

Jefferson City, MO

The first public hearing was held in Jefferson City, MO, and a wide variety of stakeholders from the public provided testimony. Testifiers ranged from those representing special taxing districts and lobbyists for senior citizens to locally elected officials. Some testimony provided by the public focused primarily on the assessment process. One member of the public specifically highlighted the issues with the unclear methodology, outdated technology, and data accuracy issues. This member of the public provided solutions to consider:

- Better data collection procedures
- Shift from sales-based ratios to measure compliance at the local level to cost-based ratios
- Disclose sales prices for accurate sales data.
- Allow local solutions for local problems
- Freeze appraised values and property taxes
- Freeze bond indebtedness

Most of the testimony provided by members of the public during this hearing were responding to the proposal of getting rid of property taxes altogether. Stakeholders from library special districts, ambulance special districts, and fire protection districts emphasized the reliance these districts have on property taxes. As one representative of a political subdivision acknowledged, “reform is needed, but not replacement of property taxes.” One issue needing reform that was highlighted relates to the aggregate five percent cap that does not account for variation between residential, commercial, and agricultural property. However, these stakeholders urged representatives to not cap or eliminate property taxes. As stated by the special taxing district stakeholders, a potential issue that capping, replacing, or eliminating property taxes could harm low-population and rural counties because relying on sales taxes is not a viable solution. Some of the solutions and considerations offered by the stakeholders from these special districts include:

- Not cutting or capping property taxes at all
- Capping property assessments at 5% statewide
- Consumption taxes (for districts where this is viable)
- Work with special taxing districts and local governments in developing proposals to ensure public services remain accessible

Stakeholders from organizations serving senior citizens discussed the financial strain caused by raising property taxes because their income is fixed. However, these stakeholders also urged representatives to not cut property taxes. These stakeholders specifically point to the reliance many senior citizens have on public services that are funded by property taxes.

Rather than eliminating property taxes, the stakeholders of organizations serving senior citizens proposed the following solutions:

- Make property tax system predictable, understandable, fair, and easy for people who pay for their homes outright
- Targeted property tax relief
- Streamlined property tax processes
- Assessment process that is fair, consistent, and transparent
- Plain-language policies and resources

Only one member of the public mentioned the commercial assessment process and the need to fully reform this process. This process lacks transparency and makes it difficult for business owners to evaluate and review their assessments. His proposed solution is for a transparent commercial assessment process that provides an explanation for how valuations, rent, and the capitalization rate are captured. Finally, another solution noted is that the State Tax Commission needed to fulfill the statutory requirement of staffing the ombudsman position.

Lebanon, MO

The second public hearing was held in Lebanon, MO, and the majority of the public testimony came from taxpayers and homeowners. The public testimony included discussions of loopholes in the Hancock Amendment, concerns with SB 190 and SB3, nontransparent assessment processes, lack of protection of low-income taxpayers, the reliance of special taxing districts on property tax revenue. The majority of speakers specifically focused on the reliance of special taxing districts on property tax revenue.

The issues brought up by taxpayers and homeowners were largely related to frustrations with the property tax system, such as the unexpected tax burden increases, unfair link between market value and assessed value, and property tax process issues. As such, solutions mentioned primarily focus on changing part or whole of the property tax process and property tax calculation. For example, some solutions provided by taxpayers and homeowners include:

- Allowing quarterly payment schedules
- Imposing a flat residential property tax based on income
- Encouraging assessors to focus on vacant properties and vacancy taxation
- Imposing a sales tax on the sale of homes
- Disclosing home sale price for data accuracy
- Not replacing property tax with sales tax in rural areas
- Providing more guidance to assessors
- Conducting reassessments on election years

- Using square footage for appraisals
- Abolishing the State Tax Commission
- Ensuring the State Tax Commission staffed the statutorily required ombudsman position

Two additional issues that were highlighted during taxpayer/homeowner testimony were related to the taxation of vacation and short-term rental properties as commercial properties, and resentment towards SB 190 and SB3.

The issues brought up by county-level officials offered concerns about implementation and administration related to the Hancock Amendment, local control and state involvement in the property tax process. These testimonies urged representatives to keep the overarching system of property taxation, but to change the mechanisms and processes within that system. Solutions provided by county-level officials include:

- Reduce the 19% assessment rate for residential, real property
- Close the Hancock Amendment loopholes
- Keeping state government involvement small
- Allow local options
- Enforce the mandate provision of the Hancock Amendment
- Eliminate exceptions and exemptions across all three revenue streams (property taxes, sales taxes, and income taxes)
- Allow small businesses to pre-pay
- Allow Hancock rollbacks by subclass
- Require certificates of value as closed records
- Limit the compliance range imposed by the State Tax Commission
- Only use the cost approach for appraisals
- Provide standard guide for assessors

The testimony provided by representatives from special taxing districts (i.e. fire, schools, and libraries) underscored the essential role of property taxes in funding local services. They also emphasized the dependency of rural areas on the public services provided by these special districts. Three representatives also raised issues with SB 190 and SB 3 and the stress they place on special taxing districts. Because of the rising costs for special districts, bills like SB 190 and SB 3 strain budgets and make service provision difficult. However, when asked by a representative how much funding would be enough, representatives from special taxing districts were unable to provide a figure. The solutions provided by these representatives from special taxing districts include:

- Allow for local input and transition plans if there is a major reform to property taxation
- Ensure local control is paramount in any reforms

One additional testimony did highlight the way debt service can be used to circumvent the Hancock Amendment rollbacks, which ties to solutions provided by county-level officials.

Kansas City, MO

The third public hearing was held in Kansas City, MO, and there was a mixture of stakeholders providing testimony. The public testimony highlighted the widespread dissatisfaction with Missouri's assessment process, appeals process, and inequities under the Hancock Amendment. The majority of the testimony specifically problematized the assessment and appeal process. Several stakeholders, ranging from local officials, property owners, to real estate agents, discussed the brokenness of both the assessment and appeals processes.

Regarding the assessment process, stakeholders highlighted unfair assessments. Stakeholders specifically point to the outdatedness of the property tax system that could not have considered housing prices of this century, the failures and inaccuracy of the mass appraisal systems, the subjectiveness of manual valuations, and the loopholes that exist for the Hancock Amendment. As stated by one testifying county assessor, the rollbacks required by the Hancock Amendments do not account for debt levies.

Regarding commercial assessments, two business owners raised issues with the lack of transparency and protection in the assessment process that ultimately hurt businesses' ability to compete in the market. As such, some solutions proposed by these stakeholders include:

- Cap assessment increases, including commercial property
- Provide transparent methodology to demonstrate why property values are increasing
- Require sales price disclosure
- Limit or remove the Missouri State Tax Commission from being able to dictate the actions of locally elected officials
- Review, update, and improve the assessment process
- Address the Hancock Amendment debt levy loophole
- Update the Hancock Amendment rollback language—separate revenue base years and levies for urban areas and rural areas and for different taxing districts
- Raise taxes incrementally (only if the valuation is demonstrated to be done correctly)
- Provide transparency in the commercial assessment process

Regarding the appeals process, several stakeholders raised that, despite the due process and the appeals process being outlined in Missouri statute, county-level officials do not adhere to those processes and timelines. The lack of compliance at the county level ultimately hurt taxpayers. The common solution voiced by the public to address this issue include strengthening the language and enforcement mechanisms in the appeals process. As stated by several stakeholders, there need to be consequences in statute for county-actors when they fail to adhere to appeals processes and timelines.

- Public testimony was also provided by several homeowners and taxpayers. Whereas a few warned of the unintended consequences that may come from capping or eliminating property taxes, which fund public services, the majority highlighted the financial burden of these taxes. Testifying taxpayers discussed the way property taxes undermine housing affordability efforts, lead to forced home sales, and discourage investment. Some solutions provided by these testifying taxpayers include:

- 5% tax on all goods and services to replace all taxation
- Assessing properties based on the individual parcel (not the properties around it)
- Consider individuals being taxed when setting levies
- Allow forecasts to drive assessments, and not the other way around
- Move spring elections to November for greater voter input on levies
- Tax short-term rental properties as residential, not commercial

Stakeholders from special taxing districts testified as well, and they made similar points to those made in the previous public hearings. “0% Districts are forced into survival mode as costs and certain populations grow. Capping or eliminating property taxes may lead to consolidations, closure, or lower quality services such as school taxing districts, fire protection taxing districts, and ambulance taxing districts are forced to reduce their budgets.

One special taxing district stakeholder provided testimony that provided a nuanced perspective on property taxes and reforms for such taxation: Special district rollbacks required under the Missouri Hancock Amendment do not account for the tax freezes created by Senate Bill 3. The freeze operates as a credit: the assessed value is calculated in the usual way, but any increase above the frozen amount is credited back to the taxpayer. As a result, the testifier states, the Hancock rollback reduces tax rates based on revenue that special taxing districts will never actually collect, since the excess value is returned to taxpayers covered by the freeze. Taxing districts calculate their revenues using total property values/assessed valuation. As such, one solution proposed is when calculating revenue for the purpose of setting levies in special taxing districts subject to the Hancock Amendments, only calculate the total assessed values of the political subdivision that will be taxed, not the total assessed values of the political subdivision (including the amounts to be credited back).

Other stakeholders from special taxing districts proposed additional solutions such as:

- Considering local county innovation
- Performing education impact review for each proposed property tax change
- Providing implementation proposals
- Engaging education stakeholders
- Keeping local property taxes local

• Clayton, MO

The fourth public hearing was held in Clayton, MO, and the majority of those testifying were taxpayers and homeowners. However, representatives from counties, special taxing districts, and other organizations provided testimonies as well. Some of the common issues highlighted during these testimonies included critiques of the assessment process, unfair burdens on low-income populations, and perceived threats to local control and public services. There was broad agreement regarding the assessment process in the property tax system. The specific aspects of the assessment process that received attention were related to data, lack of physical inspections, and issues with the sales comparison method.

Regarding the testimony provided by homeowners and taxpayers, homeowners consistently described the financial burden of rapid and unexpected increases in property taxes and a system that is viewed as unfair and unclear. Concerns centered on unpredictable valuation methods, including the comparison of old homes to new builds, and the difficulty of navigating the appeals process. Seniors testified that they were being “taxed out” of their homes, with some recommending that property taxes be frozen at the purchase price until resale. Rental property owners stressed inequities in classification, arguing that short-term rentals were unfairly taxed as commercial properties, jeopardizing small operators. Others went further, questioning the fairness of taxing property at all, suggesting income-based or consumption-based tax systems as alternatives. Overall, the solutions provided by taxpayers and homeowners included:

- No longer using the sales comparison appraisal method
- Permanent registration for the senior property tax freeze
- Switch to sales and consumption tax, excluding food, medicine, and medical devices
- Ensure public services for people with disabilities are protected
- Reform appeals process
- Restrict ability of counties to give abatements to major companies
- Only assess parcel at time of purchase/new sale
- Cap or limit assessments

Regarding testimony provided by county officials, they discussed both the challenges of administering fair assessments and the importance of maintaining accountability. County officials primarily discussed their role in the property tax process, and they spoke of their oath for fairness, the issue with SB 3, the reliance of SB 40 on property tax revenue, and their use of notices when values go up by 15%. One county official also specifically spoke to the reality that low- and fixed income homeowners are being put out of their homes. However, county officials also spoke to the lack of reliable sales data, and staff to handle complex reassessments. Overall, the solutions offered by county officials included:

- Better data and better tools for assessors
- Strengthen the senior tax freeze (no taxes after a certain length of time in a home)

- Ensure public local services that rely on property tax revenue are maintained
- More people in the assessor's office
- More hearing officers at the State Tax Commission
- Ensuring the State Tax Commission staffs the statutorily required ombudsman position

Testimony provided by special taxing districts urged caution during this property tax reform process and spoke strongly in defense of property tax revenue as a lifeline of their services. One such representative from a fire district directly spoke to the fact that his fire district adheres to the rollback requirement outlined in the Hancock Amendment when it is triggered. The solutions provided by representatives of these special taxing districts, broadly, were to use data to fix the property tax system, rather than getting rid of the property tax system altogether. The school district representative urged the committee to tie property taxes to the education formula as school districts rely heavily on property tax revenue. The fire protection district representative urged the committee to ensure real property taxes are subject to the Hancock Amendment and to ensure the state no longer uses the International Association of Assessing Officers as a body to set standard methods because it uses diversity, equity, and inclusion policies.

The other testimony provided came from non-taxing organizations that are based in Missouri. The solutions they provided offered a range of considerations for the committee. They included:

- Stop individual assessments of each parcel of residential, real property every two years
- Use averages from other sources (e.g. Zillow, Realtor) for sales data
- Use an average-based system for assessment caps and freezes, rather than setting arbitrary caps
- Move levy ballot to November
- Cap or eliminate property tax
- Replace property taxes with consumption taxes
- Keep in mind that property tax revenues fund public services for older adults

Macon, MO

The fifth public hearing was held in Macon, MO, and the majority of testimony came from county and local officials and members of the public who are involved in the assessment process. In general, the county and local officials provided testimony that highlighted the practical challenges they experience administering property taxes under current laws. County and local officials, and members of the public who are involved in the assessment process primarily discussed four topics: flaws in assessment/appraisal process, problems caused by SB 190 and SB 3, Hancock Amendment loopholes, and the role of the State Tax Commission.

- Regarding the flaws and in the assessment and appraisal process, those involved in the assessment and appraisal process discussed the lack of good, widespread sales data and the issue of outdated systems for mass appraisals. As one member of the public discussed, if the data is wrong, the roll of taxable properties is inaccurate, and the systems for mass appraisals are outdated, the property tax process will be flawed. He identified these data and software issues as part of the problem of property taxes and stated that assessment caps and freezes will not get to the root of the issue. Those who discussed the problems caused by SB 190 and/or SB 3 highlighted the implementation issues these bills caused for counties and political subdivisions. They criticized these bills as “patchwork fixes” that remove revenue streams and force other sources to take up the revenue gaps caused by the freezes.

As they relate to SB 190 and SB 3, two testifying members of the public specifically raised the issue with the credit system. They raised the issue that they can’t fund public services provided by special taxing districts with credits and they cannot accurately set their property tax levy without knowing who will qualify and apply for the tax credit. Those who testified on this issue stated that the uncertainty caused by these bills could cause service disruptions and create a system of winners and losers. The issues raised about the Hancock Amendment highlighted the issues of loopholes that exist in the language and the fact that all subclasses are impacts to Hancock rollbacks in the aggregate, even when only one subclass triggers the rollback.

Finally, a couple of county officials discussed the role and limitations of the STC as well. Although they testified that the STC is critical to ensuring fairness across counties, especially where political subdivisions cross county boundaries, they also pointed to flaws of the STC. These included highlighting the lack of compliance and updates to the way agricultural property, commercial property, and railroads are assessed.

The solutions offered by the county and local officials and members of the public who are involved in the assessment process included:

- Involve assessors and courthouses in the counties in the policy and implementation process
- Expand the circuit breaker
- Avoid using freezes as they mean others in the pool pick up the slack
- Multiple levy system
- Fix the Hancock Amendment rollback triggers and levy system
- Authorize another state-wide reassessment, freeze values during this process
- Fund existing property tax processes (e.g., additional funding and resources for assessors)
- Expand the ability of the State Tax Commission to provide assistance to county assessors
- Replace property tax revenue to ensure public services are funded
- Review, adjust, and clarify the property tax system
- Provide for transparent property tax processes
- Provide more uniformity in assessments (related to personal property taxation)
- State Tax Commission update assessment procedures and guardrails for agricultural

- property, commercial property, and railroads.
- Remove the exclusion of new construction from the Hancock Amendment language

One member of the public who is involved on the software side of the assessment process testified to (1) highlight that the 30-day appeals process was burdensome for assessors, (2) urge the committee to protect local control, and (3) raise the issue of out-of-state landownership that is only being used for recreation. The solutions this member of the public suggested including adding another classification of land as recreation and ensuring the unfunded mandate provision of the Hancock Amendment is being respected at the state level.

Jefferson City, MO

The sixth and final public hearing to collect was held in Jefferson City, MO, and county officials, representatives from special taxing districts, and taxpayers provided testimony, along with two current and former state officials and a representative of a nongovernmental tax organization. Overall, those who testified discussed the unintended consequences of SB 190 and SB 3, issues with the assessment and appraisal process, funding instability for special taxing districts, and oversight for assessors and boards of equalization.

County officials primarily testified about SB 190 and SB 3, inadequate assessment data, and assessment oversight. County officials stated that tax freeze legislation destabilizes revenues and makes it difficult for local governments to keep up with inflation and rising costs. County officials say legislation like SB 190 and SB 3 reduce revenues, and adequate public services cannot be provided without adequate funding. One county official specifically brought up the issues of abatements as they relate to SB 190 by emphasizing that SB 190 did nothing to address property tax abatements, which impact local revenue. However, when asked by a representative how much funding would be enough, the county-level officials were unable to provide a figure. County officials also briefly discussed data issues; however, assessors had diverging opinions on this issue. Whereas both assessors mentioned the problem that Missouri is a non-disclosure state, and no accurate sales data is provided for accurate data valuations, one assessor suggested the requirement of certificates of value as private, closed records and the other stated that certificates of value are not necessarily “the silver bullet” for addressing sales data accuracy issues.

Finally, county officials provided testimony highlighting the lack of oversight over the levy setting process due to the STC lacking the staffing capacity to provide direct assistance and thorough training to county assessors. This, coupled with the loss of institutional knowledge due to high turnover among county assessors, has caused issues with assessors as they learn to do their jobs well. Solutions provided by county officials who testified include:

- Involve county officials in the property tax reform process
- Provide more oversight over the STC
- Provide oversight and consequences for assessors
- Lower the STC compliance standards from 90% - 110% to 75% - 100%
- Require certificate of values, but ensure privacy is protected
- Prohibit misleading ballot language.
- Require bonds to expire, before they can be put back on the ballot
- Require levies for each subclass, and allow independent levies to trigger Hancock rollbacks
- Reevaluate the agriculture property tax assessments
- Increase agricultural assessment values to align with productivity values
- Address abatements and their impact on property taxes
- Establish a monthly schedule or payment for counties to collect property taxes
- Increase the assessment fee to the statutory limit (for assessors)
- Purchase mass appraisal software at the state level
- Moratorium on loopholes, property tax credits, and property tax freezes
- Ensure property tax relief is limited to low-income seniors
- Avoid replacing property taxes with sales tax, particularly for rural and smaller counties
- Fund existing credit systems and circuit breaker programs

Taxpayers primarily testified about the rise of property taxes, assessment accuracy problems, and the lack of fairness in the property tax processes. Taxpayers state that property taxes have surged, and this, coupled with stagnant family economic growth and rising costs, is putting a strain on taxpayers. Two taxpayers testified about the inaccuracies throughout the appraisal process, specifically pointing to bad comps forming the basis of the sales comparison appraisal method, inaccurate property information used for appraisals, and drastic increases for agricultural land. As one of the taxpayers testifying about inaccuracies in the appraisal process informed the committee, she learned that assessors included additional structures on her property that did not actually exist.

Finally, taxpayers also spoke about fairness in the property tax system. They specifically raised issues with massive companies in small towns receiving tax abatements and not paying their fair share, insufficient protection for taxpayers during the appeals process, and the lack of accountability for assessors when they make mistakes. Solutions provided by taxpayers include:

- Need for comprehensive relief
- Limit STC interference in local/county processes. Limit STC powers to providing guidance, rather than enforcing compliance
- Rollback property assessments to pre-pandemic values for broad tax relief (seniors, young homeowners, and new homeowners)
- Tax commercial property at a fair rate
- Update and increase the income limit for the property tax freeze to ensure taxpayers with disabilities can qualify

- Need for a fair and equitable assessment process
- Prohibit tax abatements
- Change RSMo Chapter 100 for corporations that receive abatements, especially when special taxing districts lack funds
- Outline clear processes and procedures for county boards of equalization
- Require county boards of equalization and commissioners of the STC to be elected
- Require the STC to staff the statutorily required ombudsman position
- Require transparency for the appraisal of agricultural property
- Provide and enforce standards for assessors and county boards of equalization
- Provide appraisal guardrails for agricultural land

Representatives from special taxing districts, a current state official, a former state official, and a representative from a nongovernmental tax organization also provided testimony. Representatives from special taxing districts stressed that property tax revenue is essential for political subdivisions to provide a wide range of community services. They urged the committee to protect those public services and to fix what is broken in the current property tax system rather than doing away with property taxes altogether. The current state official from the State Auditor's office testified to explain that the state audits counties without their own auditors and monitors property tax and sales tax rollbacks, including those for school districts. However, the official stated that the State Auditor's office does not have enforcement capabilities and does not receive information on debt service levies or bonds. The former state official testified to highlight the deep link between education funding and property taxes, stressing that any changes to the property tax system would directly impact school funding, especially for the larger districts that subsidize education funding in rural areas. This former official explained that destabilizing the property tax system or impacting local funding mechanisms could disproportionately harm larger districts that indirectly subsidize education funding in rural areas through the education formula. The former state official also testified to state that sales tax, which proposed as a replacement for property tax for local revenue, is not stable enough to fund local governments reliably. The former state official provided several solutions, including:

- Wait for the education formula to be "hammered out" before changing the property tax system
- Provide the assessor's office with certified sales data, but keep it protected
- Expand the personnel/manpower of the STC
- Reform tax increment financing (TIF) processes, policies, and procedures
- Prohibit the use of misleading titles or language on ballots (e.g. no tax increase bond issues)

Finally, the representative from a nongovernmental organization focused on issues of taxations testified to provide a solution: to replace the property tax system with the gross receipt tax, which is a 5% tax on the sale of goods and services at the time of any transaction at every stage of production.

Recommendations

Considering the testimony received during the meetings held in 2025, and with knowledge of previous committees' work since 2019, the following recommendations are presented to alter the current property tax system. These recommendations are not necessarily listed in order of priority; however, the first recommendation is universally agreed to by committee members, the State Tax Commission, and the Missouri Association of Counties, and has no universal opposition.

Real Property Tax

1. "Silo" each property tax sub-class so that Hancock protections are triggered by increases within the individual sub-class. This includes making tangible personal property subject to Hancock provisions.
2. Define "true value in money" as the current replacement cost. Move from a Market Approach to a Cost Approach.
3. Allow quarterly, semi-annual, or annual payment of property taxes in township counties as is now allowed in non-township counties.
4. Make "new construction" benefit existing taxpayers, not taxing districts. (HJR -Article X)
5. Property tax abatements awarded to certain taxpayers should reduce the amount of revenue taxing districts are entitled to, and thus not affect taxes paid by neighboring taxpayers. (HJR-Article X)
6. Remove Hancock exemption for the Kansas City Public School District. (HJR-Article X)

Pertaining to elections

1. Districts shall not advertise a levy ballot measure as a "no tax increase."
2. Property tax issues moved to the November ballot.
3. Local ballot measures denote alpha numerically, just like state ballot measures.
4. Property tax increase ballot measures expressed to voters in terms of \$100,000 increments, not \$100.

Commercial/Residential property

1. AirBNB/VRBO homes property taxed as residential property.
2. 15+% valuation of commercial property requires physical inspection, as is required for residential.
3. Apartment buildings with less than four (4) units taxed as residential. Apartment buildings with four (4) units or more taxed as commercial.

4. Private-owned nursing homes and assisted living facilities, that are “for profit” taxed as commercial.

Pertaining to Debt Levies

1. Debt levies should be subject to Hancock roll backs just like operating levies. (HJR-Article X)
2. Hancock provisions should apply when one levy ends the same time another begins.
3. Lower the Hancock floor on school districts from \$2.75 to \$1.50.

Tangible Personal Property

1. Increases in personal property valuations do not count as “new construction.” (Covid Spike)
2. Pro-rate property taxes on vehicles that are salvaged/totaled mid-year.

Blind Pension Fund (HJR–Article III)

1. Replace Blind Pension Fund property tax with a budget line item from General Revenue equal to, or above current funding level. This removes state government from the property tax game. (likely a \$48M fiscal note)

State Tax Commission (STC)

Rename the “State Tax Commission” to “State Assessment Commission. Though this will not affect the taxpayers of Missouri, it more accurately describes the commission’s role and responsibilities.

Increase the STC to five (5) commissioners and require that a majority of the commissioners have a measured level of experience related to assessments.

Currently the STC office is working with less than half of the workforce it had 10 years ago. This is one of the factors relating to the abnormal number of appeals across the state that have not been resolved. Staffing levels should be increased, to include the offices’ Ombudsman position, which is mandated in statute.

SB3 and SB 190 Fixes

1. SB3 (Special Session 2025) contains language that property taxes are “capped” at 5% or CPI, whichever is greater. The language should be changed to be 5% or CPI, whichever is less. This matches the Hancock language in the constitution.

2. SB190 allows for a senior property tax freeze, however, the language is not clear. Language should be added to clarify that SB190 applies to all property taxes.

Conclusion

The recognition that Missouri's property tax system has flaws is shared by all. The interest in trying to address those flaws is, without question, desired by every Missouri taxpaying citizen. From the individual taxpayers to the State Tax Commission, and every stakeholder in between, groups have come together to work towards real and viable solutions.

As we, the State Legislators, begin the arduous process of updating our current systems, we remind our colleagues that it is our opinion that quick fixes are not the answer. The system we are working with is so intertwined that one small change has rippling effects we cannot see. Our work should be painstaking and measured. We know our constituents are in desperate need of relief, and for this reason, we must make these issues a top priority.

Mr. Speaker, you have publicly stated this issue is at the top of your list. I hope the interim committee you entrusted me to lead lived up to your expectations. You assembled a committee of hardworking and dedicated individuals, and I wholeheartedly believe this group will continue their efforts in the next session as one of your regular committees. It was my honor to work with each of them.

Within this document there are many insights into what is needed to assist our taxpayers. While not all recommendations are universally agreed upon by the committee members, the information is a good start. Some information may have been inadvertently left out; however, the legislative process will allow opportunity to identify and correct any inadvertent omissions.

On behalf of the Special Interim Committee for Property Tax Reform, thank you for the honor to serve.

Respectfully,

Representative Tim Taylor
Chairman